DOCUMENT RESUME

ED 211 813 CE 031 097

AUTHOR Gall, Joyce P.
TITLE Getting Down to Business: Carpentry Business, Module 34. Teacher Guide. Entrepreneurship Training Components.
INSTITUTION American Institutes for Research in the Behavioral Sciences, Palo Alto, Calif.
SPONS AGENCY Office of Vocational and Adult Education (ED), Washington, D.C.
PUB DATE May 81
CONTRACT 300-79-0535
NOTE 32p.; For related documents see CE 031 026-101 and CE 031 324.
AVAILABLE FROM Wisconsin Vocational Studies Center, 964 Educational Sciences Bldg., Madison, WI 53706 (Order No. ETC100LL2, $3.00. 25% discount on 100 or more of same title. Complete set--ETC100--$200.00).

EDRS PRICE MF01/PC02 Plus Postage.
DESCRIPTORS Administrator Role; Advertising; *Business Administration; *Business Education; *Business Skills; *Carpentry; Financial Support; Information Sources; Learning Activities; Learning Modules; Money Management; Recordkeeping; Salesmanship; Secondary Education; Teaching Methods
IDENTIFIERS *Entrepreneurship; *Small Businesses

ABSTRACT

This is the thirty-fourth in a set of 36 teacher guides to the Entrepreneur Training modules and accompanies CE 031 096. The purpose of the module is to give students some idea of what it is like to own and operate a carpentry business. Following an overview are general notes on use of the module. Suggested steps for module use contain suggestions on introducing the module, a brief discussion of the nine units, responses to learning activities, suggestions for summarizing the module, and responses to the quiz. The units are Planning a Carpentry Business; Choosing a Location; Getting Money to Start; Being in Charge; Organizing the Work; Setting Prices; Advertising and Selling; Keeping Financial Records; and Keeping Your Business Successful. Each unit contains a case study; responses to individual activities; responses to discussion questions; and a group activity. Suggested readings for the teacher and a list of goals and objectives complete the module. (CT)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

Entrepreneurship Training Components

etc

AMERICAN INSTITUTES FOR RESEARCH IN THE BEHAVIORAL SCIENCES P.O. Box 1113 1791 Arastradero Road Palo Alto, California 94302

ED211813

GETTING DOWN TO BUSINESS:

Carpentry Business

Module 34

Teacher Guide

CE031097

U.S. DEPARTMENT OF EDUCATION
NATIONAL INSTITUTE OF EDUCATION
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

☑ This document has been reproduced as received from the person or organization originating it.
☐ Minor changes have been made to improve reproduction quality.

• Points of view or opinions stated in this document do not necessarily represent official NIE position or policy.

"PERMISSION TO REPRODUCE THIS MATERIAL HAS BEEN GRANTED BY

C. Kaplan

TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)."

The information reported herein was obtained pursuant to Contract No. 300-79-0535, Office of Vocational and Adult Education, U.S. Education Department. Contractors undertaking such projects under government sponsorship are encouraged to document information according to their observation and professional judgment. Consequently, information, points of view, or opinions stated do not necessarily represent official Education Department position or policy.

GETTING DOWN TO BUSINESS:

Carpentry Business

Joyce P. Gall

May 1981

Developed at the American Institutes for Research
under support from the
Office of Vocational and Adult Education
U.S. Education Department

TABLE OF CONTENTS

Overview 1

Suggested Steps for Module Use 4

- Introduction 4
- Unit 1 4
- Unit 2 6
- Unit 3 7
- Unit 4 8
- Unit 5 10
- Unit 6 12
- Unit 7 14
- Unit 8 16
- Unit 9 18
- Summary 20
- Quiz 21

Suggested Readings 23

Goals and Objectives 25

OVERVIEW

The purpose of these Getting Down to Business modules is to provide high school students in vocational classes with an introduction to the career option of small business ownership and to the management skills necessary for successful operation of a small business. Developed under contract to the Office of Vocational and Adult Education, U.S. Department of Education, the materials are designed to acquaint a variety of vocational students with entrepreneurship opportunities and to help reduce the high failure rate of small businesses.

As the students become familiar with the rewards and demands of small business ownership, they will be able to make more informed decisions regarding their own interest in this career possibility. It is hoped that, as a result of using these materials, some students will enter small business ownership more prepared for its challenges. Others will decide that entrepreneurship is not well suited to their abilities and interests, and they will pursue other career paths. Both decisions are valid. The materials will encourage students to choose what is best for them.

These Getting Down to Business modules are designed to be inserted into ongoing high school vocational programs in the seven vocational disciplines--Agriculture, Distributive Education, Occupational Home Economics, Business and Office, Trades and Industry, Technical, and Health. They will serve as a brief supplement to the technical instruction of vocational courses, which prepare students well for being competent employees but which generally do not equip them with skills related to small business ownership. The modules are self-contained and require a minimum of outside training and preparation on the part of instructors. Needed outside resources include only those types of materials available to all students, such as telephone directories, newspapers, and city maps. No special texts or reference materials are required. For further optional reading by instructors, additional references are listed at the end of the Teacher Guide. An annotated Resource Guide describing especially valuable entrepreneurship-related materials is also available.

The purpose of this module is to give students some idea of what it is like to own and operate a carpentry business. Students will have an opportunity to learn about the kinds of activities and decisions a carpentry business owner is involved in every day. While the module is not a complete "how-to" manual, the individual lessons will provide your class with the chance to practice many of these activities and decisions.

Today, owners of small businesses face many problems--some minor, some not so easily taken care of. These problems are reflections of the changes our society is going through. While this module cannot address itself to all of them, the discussion questions at the end of each unit are designed to give students an opportunity to explore possible solutions.

You may want to present this module after completing Module 1, Getting Down to Business: What's It all About? Module 1 is a 16-hour program

covering a more in-depth approach to owning any small business. The terms introduced in Module 1 are used in this module with a restatement of their definitions. Also, the forms used are the same, with some minor changes to fit a carpentry business specifically. Module 1 provides an introduction to owning a small business in addition to some skills and activities that, due to their general nature, are not covered in this module.

Content Organization

Each unit of the module contains the following:

1. Divider Page--a list of what the student should be able to do at the end of that unit.

2. Case Study--an account of a business owner in the field.

3. Text--three to four pages outlining business management principles introduced in the case study but focused more on the student.

4. Learning Activities--three separate sections, including:

   a. Individual Activities--finding information given in the text or applying information in the text to new situations.

   b. Discussion Questions--considering broad issues introduced in the text; several different points of view may be justifiable.

   c. Group Activity--taking part in a more creative and action-oriented activity; some activities may focus on values clarification.

General Notes on Use of the Module

Instructional Time:	Each unit = 1 class period; total class periods	= 9
	Introduction, quiz, summary	= 1
	Total instructional time	= 10 class periods

The case study and text are central to the program's content and are based on the instructional objectives appearing in the last section of this Guide. Learning activities are also linked to these objectives. You will probably not have time, however, to introduce all the learning activities in each unit. Instead, you will want to select those that appear most related to course objectives, are most interesting to and appropriate for your students, and are best suited to your particular classroom setting. Certain learning activities may require extra classroom time and may be used as supplementary activities if desired.

Before presenting the module to the class, you should review both the Student and Teacher Guides and formulate your own personal instructional approach. Depending on the nature of your classroom setting and the students' abilities, you may want to present the case study and text by

instructional means that do not rely on students' reading--for example, through a lecture/question-answer format. Case studies and certain learning activities may be presented as skits or role-playing situations.

No particular section of the module is designated as homework, but you may wish to assign certain portions of the module to be completed out of class. You may want students to read the case study and text in preparation for discussion in the next class period, or you may want them to review the material at home after the class discussion. You may also prefer that students read the material in class. Similarly, individual activities may be completed in class or for homework. Discussion questions and group activities are specially intended for classroom use, although some outside preparation by students may also be needed (for example, in the case of visiting a small business and interviewing the owner).

Methods that enhance student interest in the material and that emphasize student participation should be used as much as possible. Do not seek to cover material exhaustively, but view the course as a brief introduction to entrepreneurship skills. Assume that students will obtain more job training and business experience before launching an entrepreneurial career.

The quiz may be used as a formal evaluation of student learning or as a self-assessment tool for students. Answers to learning activities and the quiz are provided in a later section of this guide.

SUGGESTED STEPS FOR MODULE USE

Introduction (15 minutes, or integrate within first hour of Unit 1)

I. In introducing this module, you might wish to find out what students already know about the carpentry business. Running a successful carpentry business:

- requires good measurement skills, patience, and endurance.
- requires the ability to estimate costs and time requirements of jobs, each of which is different.

II. Discuss small businesses briefly. Over 90% of all businesses in the United States are small businesses. In this module we will be dealing with very small businesses, meaning a self-employed owner working alone or with one to four employees. Often small businesses are owned and run by members of a family.

III. Discuss the purposes of the module:

- To increase students' awareness of small business ownership as a career option.
- To acquaint students with the skills and personal qualities carpentry business owners need to succeed.
- To acquaint students with the kind of work small business owners do in addition to using their vocational skills.
- To expose students to the advantages and disadvantages of small business ownership.

IV. Emphasize that even if students think they lack management aptitudes, some abilities can be developed. If students "turn on" to the idea of small business ownership, they can work at acquiring abilities they don't have.

Also, students who work through this module will have gained valuable insights into how and why business decisions are made. Even if they later choose careers as employees, they will be better equipped to help the business succeed because of their understanding.

Unit 1 - Planning a Carpentry Business (1 class period)

I. Case Study: Carpenter Ted Lasser decides to move and start his own remodeling business. He enjoys doing carpentry work and being his own boss.

Text: Services, Customers, and Competition
Important Personal Qualities
How to Compete
Legal Requirements

II. Responses to Individual Activities

1. Apprenticeship training; bonding; a contractor's license; union membership.

2. The more "no" answers, the better your chances of success.

3. To tear out, or supervise the tearing out of, old construction. To "save" appealing old features of a building. To match old and new construction as closely as possible.

4. Offer a service for which there is high demand. Locate in an area that needs your services. Build a good reputation. Have many contacts.

5. Possibly mentioned: doors, decks, walls, woodwork, fences, cabinets, custom kitchens and baths, tile, shelves, painting, skylights, stairs, sheetrock. Room additions, repairs, remodeling.

III. Responses to Discussion Questions

1. Good points of Ted's planning: a) He selected a specialty (remodeling) that he enjoyed and was good at, and for which there is increasing demand. b) He located in an area that needs this specialty, and where his cousin can help him make contacts and get contracts. Possible bad points: Perhaps Ted should have gotten experience as a subcontractor before he moved to see if he liked being his own boss. Ted should have determined the amount of competition in the area.

2. Problems: You are to blame if the work is not done right. You may make less money because you are responsible for losses. You will not have a steady income. Benefits: You get to keep the profits. You get to make your own decisions. You can take time off without getting someone else's permission. You get credit if the work is done well.

3. To do a certain amount of work. To do the work in a certain amount of time or by a certain deadline. To do the work for a fixed price. To do work of acceptable quality in terms of safety, durability, and appearance.

IV. Group Activity

The purpose of this activity is to give students firsthand exposure to someone who has used a background in carpentry to go into business for him- or herself. A second outcome of the

activity is to give students practice in interviewing people running a small business as a way of getting information to help them explore career options.

The teacher should check the questions students plan to ask to see if they are relevant to the objectives of this unit, clear, etc.

Unit 2 - Choosing a Location (1 class period)

I. Case Study: Ted moves to an area where there is a higher demand for remodeling residential buildings. He remodels his new home for business use.

Text: Importance of the General Area You Live In
Where You Do Your Work
Paying for a Separate Business Location

II. Responses to Individual Activities

1. Need for the carpentry services you want to specialize in. Amount of competition. Whether you will like living there. Whether you have friends, relatives, or business associates in the area. Whether you are familiar with the area.

2. Talk to general contractors in the area. Talk to realtors. Talk to homeowners. Talk to representatives of the local carpenters' union. Talk to architects and engineers.

3. Room to store tools and equipment. A place to do carpentry work. A place to plan, keep records, and pay bills. A place where customers can reach you.

4. "A" costs $.40 a square foot ($250 divided by 625). "B" costs $.70 a square foot ($840 divided by 1200). So "A" is a better buy.

5. Possible features mentioned: shop, office space, parking, heavy electrical power, busy location, access to the freeway.

III. Responses to Discussion Questions

1. Possible reasons to support each choice: Being in an industrial area; being far away from (or close to) competition; being convenient for customers to find; low-rent area; being in an area zoned for both residences and businesses so you could have a home-based business.

2. Building homes or businesses suited to a rural area. Being a cabinet maker. Specializing in wood carving and inlay. Remodeling farm houses and barns.

3. Advantages: Less expensive. You can quickly get tools or materials you need. You can alternate between work and home activities readily. Disadvantages: Space may be limited. Noise or dirt from your work may be a problem for people you live with. You must work harder to make your business visible to the public.

IV. Group Activity

This activity is designed to help students evaluate a choice as to the general area in which to locate a carpentry or contracting business. Students should list factors such as the following and be able to justify their ranking.

Having homes that need to be converted to apartments and condominiums
Having wealthy people who want to remodel their homes
Having a cousin who is a general contractor in the area
Liking the area as a place to live

Unit 3 - Getting Money to Start (1 class period)

I. Case Study: Ted Lasser estimates the costs of starting his own business. He writes a business description and applies for a bank loan.

Text: Statement of Financial Need
Purpose of a Business Description
What a Business Description Should Include

II. Responses to Individual Activities

1. Advantages: Friends may not charge interest. You don't have to spend much time convincing a friend who knows you well that you can be trusted. Friends may be more willing to support your business venture than a lending institution. Disadvantages: Friendships often suffer when a loan is not paid back promptly. Your friends may need the money themselves. Being in debt to a friend may make you feel uncomfortable around that person.

2. Business type and name. Products or services. Location and reason for choosing it. Potential customers. Competition. Plan for competing. Plan for running the business.

3. Problems: You have to wait until the loan is granted, which can delay the start of your business. You must pay interest on a loan. You must pay back a loan in a specified time. Benefits: Most people don't have enough money on hand to get started. You increase your chances of success by having enough capital. You can reserve your personal capital for a backup if the business does poorly at first.

4. a) The statement of financial need helps you think of all the sources of money you might use. b) It helps you plan more carefully to meet expenses. c) When you finish the statement, you may decide you need a loan after all.

III. Responses to Discussion Questions

1. Suggestions: He might get a loan or investment from his cousin and list it under "Money on Hand." He might reduce his estimates for repairs and remodeling and for supplies. He might see whether he has personal assets (for example, an extra car, stocks, or bonds) he could turn into cash and invest.

2. He should specifiy homeowners who wish to remodel or add to their homes. He should add building owners who wish to convert old homes into apartments and condominiums or wish to remodel old apartment buildings.

3. She could find a different location with lower rent or one that is already suitable for a cabinetry shop. She could use her home to do cabinetry work for a while, and rent a shop after she has earned enough money.

IV. Group Activity

This activity is designed to give students practice in writing a business description based on information provided in the case study.

Give students feedback on the completeness of the business description with respect to the coverage of:

1. business type and name;
2. products or services to be offered;
3. business location and reason for choice;
4. potential customers;
5. competition;
6. plan for competing; and
7. plan for running the business and keeping it successful.

Also give students an overall opinion about how persuasive the business description is--that is, how likely you think it is to get them a loan, and why.

Unit 4 - Being in Charge (1 class period)

I. Case Study: Ted Lasser comes up with a plan for dividing the work of his business. He trains and supervises employees.

Text: What It Means to Be in Charge
Dividing the Work
Paying for Services
What to Look for in Hiring Employees
Supervising and Training Employees

II. Responses to Individual Activities

1. Possible benefits: You can take on more work. You have help on hand for hard jobs. You have company while you work. Possible problems: You will have to supervise someone. Your helper's salary will be added to your expenses. If your helper does not do a good job, it will reflect on your business.

2. Manuel could take more carpentry courses in high school or at a vocational school. He could learn on the job from Jose. He could go through an apprenticeship program that would give him experience in various types of carpentry work.

3. There is no "best" answer. Possible reasons for selecting each choice: Lee Jones would not need much additional training and would take the work seriously. Meredith Templeton would be fun to work with and would provide adequate help at a reasonable price. Ray Harvester would appreciate direction; would work hard and would work for low pay.

4. Do it yourself. Hire an employee to do bookkeeping. Pay for bookkeeping services from an independent agent.

5. a) Good math skills: can measure and position cabinets accurately. b) Patient: will take time to put in each cabinet properly. c) Eye for detail: will notice and correct any flaws in cabinets caused during construction or installation. d) Gets along with others: will accept supervision.

III. Responses to Discussion Questions

1. Ask friends and business associates for possible names. Contact local high schools and vocational schools. (They generally help their graduates obtain jobs.) Check directory of services and "situations wanted" in classified ads. Contact the carpenters' union or contractors' association in their area.

2. Possible reasons for Ted Lasser's choice: Having his wife do bookkeeping and take phone messages is convenient because she lives there. Ted probably has a good idea of his wife's ability to do these tasks. It may be less expensive to hire his wife than to hire an employee or another independent agent. Possible reasons for a different choice: Personal matters may interfere with a couple's business relationship. It may be possible to get someone who is better qualified to do these tasks.

3. Observe the employee's work. Ask the employee questions to test his or her knowledge of various aspects of carpentry. Ask the employee's own opinion of the kinds of additional training he or she needs. Compare the quality of the employee's work on different tasks.

IV. Group Activity

This activity is designed to give students practice in dealing with the difficult task of firing an employee as a carpentry business owner or general contractor. Give students suggestions, if necessary, about possible "Dos" and "Don'ts." Ask them to explain their own list.

Possible "Dos"	Possible "Don'ts"
1. Let the person know in advance (for example, two weeks)	1. Don't discuss it with the person's coworkers
2. Explain the reason the person is being terminated	2. Don't let the person being fired train his or her replacement
3. Be ready to give specific examples of the problems involved	3. Don't let the person talk you out of it once you've decided to terminate him or her
4. Let the person know in private	4. Don't be in such a hurry to replace the person that you make the same mistake with the new person you hire
5. Be firm but nice	
6. Give some terminating pay if possible	

Unit 5 - Organizing the Work (1 class period)

I. Case Study: Ted decides to bid on the subcontract for a large remodeling job. He makes an estimate and submits a bid. He wins the subcontract and begins organizing his construction crew and ordering supplies.

Text: Making an Estimate
Work Orders
Scheduling Work
Time Planning

II. Responses to Individual Activities

1. Customer's name and address. Person(s) doing the work. Cost of materials. Cost of labor. Total cost of job. Starting and completion date.

2.

Person Doing Work	Description of Work	Materials	Labor
Lasser	Take out and replace two wooden doors	doors, screws, hinges	Taking out old doors. Picking up and installing new doors.
		TOTAL MATERIALS	$150.00
		TAX ON MATERIALS	7.50
		TOTAL LABOR	150.00
		TOTAL COST	$307.50

3. The schedule should include all four "must do" tasks. It should include either both of the one-hour "like to do" tasks or the one two-hour "like to do" task at the end of the day, since these are less critical to do today. Any order of tasks that fits Ted's morning time block of four hours and his afternoon time block of five hours is acceptable, for example:

8 - 9	Lay concrete for Warner driveway	1 - 2	Complete Tyler job
9 - 10	Lay concrete for Warner driveway	2 - 3	Complete Tyler job
10 - 11	Lay concrete for Warner driveway	3 - 4	Estimate building addition for Hernandes house
11 - 12	Get building supplies for patio	4 - 5	Get car radiator fixed
12 - 1	Lunch	5 - 6	Get car radiator fixed

4. To remind yourself of appointments. To make sure you do all the necessary jobs first. To help people who may need to contact you know where you will be at any given time.

5. Have a superintendent work out daily or weekly assignments with each member of the construction crew. Give workers the contract, estimate, and/or blueprints to use in doing the work.

III. Responses to Discussion Questions

1. Possible reasons for leaving out each "like to do" task:

Visit dentist: It might have taken longer than an hour. It's easier to leave out unpleasant tasks. This is not critical to Ted's business.

Order new business cards: This can be delayed a bit without any major damage to business. Ted may be able to delegate this task.

2. The worker might forget to do the work. The worker might not understand some part of the job. The customer might complain that the work was not done as agreed, and you would have no way to check on the customer's statement.

3. Not if Ted likes being in charge. Ted has less time to spend on carpentry because he must spend time on all the tasks involved in running a business. If he wants to do only carpentry, he should consider becoming an employee of a construction company again.

IV. Group Activity

The purpose of this activity is to give students practice in planning time for a construction and remodeling business owner.

Possible suggestions: Do the books in the evening or on weekends. Hire someone else to do the books. Answer phone messages in the evening--more people are at home then, and it leaves more day hours free for jobs. Look at supply catalogs and sales ads once a week rather than each day, or do this after the jobs for the day are finished.

Unit 6 - Setting Prices (1 class period)

I. Case Study: Ted has to take several factors into account to estimate each job. His price for labor is also affected by competition and demand.

Text: Factors That Determine Price
Other Factors That Affect Price

II. Responses to Individual Activities

1. Possible types of contractors with carpentry background: alteration; building, general; engineering, general; foundation; masonry; paving.

Possible types of contractors with a different background: pipe line; ditching.

2. Wages, taxes, operating expenses, profit

3. The best answer is $100, which gives a 15% profit:

$$\frac{(\$100-85)}{\$100} = .15 \text{ or } 15\%$$

This is a reasonable profit and will also allow you to underbid your competition.

4. Total cost of job: $ 5,000 + 5,000 = $10,000

   10% profit: $10,000 x .10 = $ 1,000

   Total estimate: $ 10,000 + 1,000 = $11,000

5. Problems of raising prices: Customers may not use as many of Jill's services. She may lose customers to lower-priced competition. Problems of cutting the number of employees: Jill may not be able to try for certain jobs if she has fewer employees.

III. Responses to Discussion Questions

1. Employees' salaries and hours. Amount of time the owner spends supervising and keeping records on employees. Cost of any tools, equipment, workspace, etc. that the owner provides for employees.

2. It is true that making an estimate takes time, but Ted could lose more money than he would save if he didn't make an estimate and (a) he under-calculated the materials he needed and then had to wait to order more; (b) he over-calculated the materials needed and then was stuck with an excess; (c) he lost a job that was half done because he raised the price and the customer would not pay the increased cost; or (d) he lost money on a job that took him longer to do than he had estimated it would.

3. Offer necessary services such as repair work. Build a reputation for doing work of high quality. Deliver quickly on jobs.

IV. Group Activity

The purpose of this activity is to give students practice in dealing with the unknowns that may be involved in pricing a remodeling, repair, or construction job.

Another outcome is to illustrate the differing perspectives of a business owner and a customer with regard to price and the importance of communication between them.

Help students predict the possible problems for Ted if he gives a fixed estimate and for Tim if he okays the work without knowing what it will cost.

Possible agreement acceptable to both parties: Ted could set some maximum limit on the amount he will charge and review this as the work proceeds. Tim could agree to pay a certain amount upon completion and the rest within a given time limit if the price is higher than he expected.

Unit 7 - Advertising and Selling (1 class period)

I. Case Study: Ted uses business cards, the Yellow Pages, newspaper ads, and good customer relations to advertise and sell his business.

Text: Advertising Methods
- Word-of-mouth
- A business card
- Printed forms and stationery
- The Yellow Pages
- Newspaper ads
- Your vehicle
- Other methods

What Makes a Good Ad?
Selling Your Services

II. Responses to Individual Activities

1. Offer services of high quality. Treat your customers with respect. Explain their alternatives. Answer questions. Refer people to others if you cannot provide the service they need.

2. A good ad should catch people's attention; give important information about your business; make people want to buy what you are offering; be easy to understand; and be easy to recognize.

3. c; d; b; a

4. Comfort: Remodeling or adding on to a home can make it roomier, more modern, and generally more comfortable to live in. Convenience: It is more convenient to hire someone to do and/or oversee the remodeling work than for homeowners to do and/or oversee the work themselves. Pride or status: Making homes larger and improving their design and appearance will increase owners' pride in their homes. Saving money: It may be far more economical to remodel or add on to a home to get the features an owner wants than to sell one's home and have to buy a more expensive one. Security: If the remodeling plan includes such features as fireproof insulation, fire or smoke alarms, sturdier doors and windows, etc., it will make the owner's home safer.

5. Possible choices and reasons: (a) Newspaper ad, to attract new business, advertise sales, or introduce unique products or services. (b) Yellow Pages, to help people who want to buy carpentry services choose a business; because it is a well-known medium. (c) Business card, because it is handy and low-cost. (d) Word of mouth, because it is free; because potential customers will more readily believe you offer good services if they hear it from someone they know.

III. Responses to Discussion Questions

1. The student playing Ted Lasser should explain the advantages of his building an addition to Lee Thomas' home in comparison to Lee remodeling the carport. The student playing Lee Thomas should point out the advantage to remodeling the carport, and should try to get the best possible deal from Ted in terms of price and quality of the job. Possible advantages to Ted's building an addition: Comfort--The carport will still be available for parking, storage, etc. If it is remodeled, Lee will have to park on the street or build another carport. Convenience--If Ted does the work, it will save a lot of Lee's time. Pride and status--As a professional, Ted can do a better, more attractive remodeling job than most owners can do for themselves. Possible advantages to Lee's remodeling the carport: Cost--It will cost Lee a lot less to remodel the carport than to pay for building an addition. Pride and status--Lee is likely to be proud of being able to do the work himself. Convenience--Since the carport is already built, it may be a lot faster to convert it to a room than to build an entire new addition.

2. An ad can be liked more by some customers than by others. For example, saving money will have more appeal to some customers than increasing the beauty or comfort of their home, while other customers will be more interested in beauty and comfort than in cost. What you can do: Advertise in more than one way. Write an ad to address several different needs. Write different ads to appeal to different needs.

3. Skywriting--Advantages: It may be seen by people in isolated areas; it is a unique way to advertise. Disadvantages: It may be expensive. It may not appeal to conservative people. Television--Advantages: It could give a realistic idea of the kind of remodeling work Joseph can do. Disadvantages: It is likely to be expensive; it will not reach people who are outside the broadcast area or who don't have television sets. Direct mail--Advantages: It can be directed specifically at those people who are likely to need remodeling services. Disadvantages: It may be fairly expensive.

IV. Group Activity

The purpose of this activity is to give students practice in designing a printed ad for a business providing carpentry services.

The teacher should give students feedback on each element of their ad, addressing the following points:

a. Headline--Does it express the major single idea about Ted Lasser's special services? Is it the right length? Does it have the right mood to attract the kind of customers Ted wants?

b. Copy--Does the copy give the basic facts about Ted's business? Does it include the right amount of detail? Does it emphasize Ted's special services and the types of customers who need them? Does it appeal to important customer needs?

c. Illustration--Is there a picture, logo, etc. that is easy to recognize and remember? Does it catch the reader's eye? Does it reflect the types of services Ted offers? Is it clear and well done?

d. Identification--Does the ad identify the business name, address, phone number, owner's name? Does it indicate the hours, credit policy, etc?

e. Layout--Does the arrangement of the elements and use of white space make the ad easy to read? Does it catch the eye and stimulate the reader to look at all parts of the ad?

The teacher should also discuss with students: (a) whether their ad is appropriate for the medium they chose (Yellow Pages, newspaper, or direct mail); (b) what the ad is likely to cost and whether it is worth the benefits it will provide; (c) possible ways to change the ad to reduce its price, if necessary.

Unit 8 - Keeping Financial Records (1 class period)

I. Case Study: Ted Lasser's wife sets up a bookkeeping system for his business. She fills out a daily cash sheet. Ted sets up a plan to ensure prompt payment by his customers. He considers the need for a new payment and accounting system as the size of his contracts grows.

Text: The Importance of Good Financial Recordkeeping
Planning Your Recordkeeping
Handling Credit
Daily Cash Sheet

II. Responses to Individual Activities

1. To keep track of money coming in. To keep track of money going out. To help in writing financial reports. To help in making business decisions.

2.

CUSTOMER BILLING FORM

Customer: Lee Thomas
1234 Fifth Avenue
Lo Hondo

Work Completed: 7/11
Payment Due: $1,000

Billing Date	Description of Service	Amount Charged	Payment Received	Balance Due
7/1	Extend living room wall	$3,000	$1,000	$2,000
7/11	Work Completed		$1,000	$1,000

Balance Due By: 8/11 $1,000

3.

DAILY CASH SHEET
Lasser Remodeling and Home Repair Service
August 9

REVENUES		EXPENSES	
Cash Sales	$ 350	Salaries	
Credit Sales	1,000	Building Expenses	
		Tools and Equipment	
		Materials	$ 900
		Advertising	125
		Vehicle Expenses	
		Other	
TOTAL REVENUES	$1,350	TOTAL EXPENSES	$1,025

III. Responses to Discussion Questions

1. Not necessarily, because daily revenues and expenses are quite variable. You must look at the overall balance between revenues and expenses over time to see how well your business is doing.

2. Give discounts for prompt payment. Charge penalties for late payment. Refuse credit to customers who have not paid promptly

in the past. Require a down payment before beginning work or ordering materials.

3. Conditions under which cash is preferred: For small jobs; when you are not confident the customer will pay promptly; when you must pay a lot for materials. Conditions under which credit is preferred: For good, trusted customers; for jobs that are very large; when the competition gives credit; when an employee is handling the payment rather than the business owner.

IV. Group Activity

This activity is designed to give students practice in considering the types of positive and negative decisions they would need to make as a carpenter or contractor based on the information in their financial records.

Possible decisions to make when the business is doing well: Hire more employees. Take a larger salary for yourself. Accept larger jobs. Take a vacation.

Possible decisions to make when the business is losing money: Lay off employees. Take a smaller salary. Get a bank loan. Work longer hours.

Unit 9 - Keeping Your Business Successful (1 class period)

I. Case Study: Ted Lasser finds his business earned a lower profit ratio in its second year compared to its first year. He decides to increase the percentage of large jobs that account for total sales. He also decides to cut expenses by paying more attention to waste of materials.

Text: Profit and Personal Satisfaction
How to Measure Financial Success
How to Make Your Business More Successful
Getting Information to Change Your Business

II. Responses to Individual Activities

1. The profit ratio tells you the percentage of total sales you kept as profit. The expense ratio tells you the percentage of total sales that you paid for business expenses.

2. Increase sales; reduce expenses; raise prices.

3.

TWO-YEAR PROFIT/LOSS STATEMENT
RAINCLOUD CONSTRUCTION COMPANY

	Year 1		Year 2	
	$	%	$	%
Revenues	$200,000	100%	$250,000	100%
Cost of Goods Sold	120,000	60%	150,000	60%
Gross Profit	$ 80,000		$100,000	
Expenses	$ 40,000	20%	$ 50,000	20%
Net Profit	$ 40,000	20%	$ 50,000	20%

4. Yes, Raincloud Construction Company is staying successful. Revenues and net profits rose in Year 2, and the profit ratio stayed the same.

5. Cut salaries for bookkeeping, secretarial, or receptionist services. Reduce the number of employees providing such services. Use the owner's home for business rather than renting a separate location.

III. Responses to Discussion Questions

1. Both level of profit and personal satisfaction are important, though some people may give more weight to the former and others to the latter.

2. Carpenters or contractors may want to keep their business small because: (a) they want to specialize in services for which there is limited demand; (b) they want to do carpentry work more than supervising or managing; (c) they are satisfied with the existing profit and do not need to expand in order to stay successful.

3. More competition; customers are not satisfied with the work; prices are too high; not enough advertising; low demand for those services at the moment, etc.

IV. Group Activity

This activity is designed to give students real-life information about the way a business based on carpentry services changes over time in order to stay successful.

Help students identify an appropriate business and plan how to contact the owner.

Review students' plans for collecting information and give them suggestions on how to proceed.

Give students feedback on their reports to the class, noting especially how the business changed. (a) Did it offer new products? New services? (b) Did it improve its products? Its services? (c) Did it cut expenses? How? (d) Did it raise prices? Why, and what was the effect?

Summary (15-30 minutes)

If desired, the Quiz may be given prior to summarizing the module and doing wrap-up activities.

Emphasize major points of the module such as:

- Carpenters can use their skills to become independent subcontractors or general contractors.
- Good skills in carpentry and an ability to manage your own business are necessary qualities for a carpentry business owner to have.
- As construction costs and procedures change, you may need to change your business to stay successful.

Remind students that their participation in this module was intended as an awareness activity so they could consider entrepreneurship as a career option. Their introduction to the skills required for successful small business management has been brief. They should not feel that they are now prepared to go out, obtain a loan, and begin their own business. More training and experience are necessary. You can suggest at least these ways of obtaining that experience: one way is to work in the business area in which they would eventually want to have their own venture; another is to go to school (community colleges are starting to offer AA degrees in entrepreneurship).

This is a good time to get feedback from the students as to how they would rate their experience with the module. Could they identify with the characters portrayed in the case studies? How do they feel about the learning activities?

You may want to use a wrap-up activity. If you have already given the quiz, you can go over the correct answers to reinforce learning. Or you could ask class members to talk about what they think about owning a small business and whether they will follow this option any further. A possible activity is to have students develop a "scenario," or structured fantasy, of themselves in the future running a carpentry business. Students can write down, or discuss, the characteristics of their own business, from the services provided and its name and location, to the procedures they will use to keep records, advertise, and maximize profits.

Quiz (30 minutes)

The quiz may be used as an assessment instrument or as an optional study tool for students. If you wish to use the quiz for study purposes, duplicate and distribute the answer key to students. In this case, student achievement may be assessed by evaluating the quality of students' participation in module activities.

Quiz Answer Key

1. b
2. c
3. c
4. a
5. b
6. b
7. c
8. c
9. b
10. a
11. Have the employee watch you work. Watch the employee work and comment or help as needed. Have the employee take a course and read books on installing cabinets.
12. Cost of materials; cost of labor; total price of the job
13. c
14. Cost of materials; cost of labor and other operating expenses; cost of subcontracts; profit desired; competition; demand
15. a
16. b
17. a
18. b
19. d

20. c

21. Raise prices; cut expenses; increase sales

22. c

SUGGESTED READINGS

General Entrepreneurship References

Holt, N., Shuchat, J., & Regal, M. L. Small business management and ownership. Belmont, MA: CRC Education and Human Development, Inc., 1979.

Jeanneau, J. A. Small business management: Instructor's manual (4 vols.). Prince Albert, Saskatchewan: Department of Manpower & Immigration, Training Research and Development Station, 1973.

National Business Education Association. Business ownership curriculum project for the prevocational and exploratory level (grades 7-9): Final report. Reston, VA: Author, 1974.

Nelson, R. E., Leach, J. A., & Scanlan, T. J. Owning and operating a small business: Strategies for teaching small business ownership and management. Urbana, IL: University of Illinois, Department of Vocational/Technical Education, Division of Business Education, 1976.

Rowe, K. L., & Hutt, R. W. Preparing for entrepreneurship. Tempe, AZ: Arizona State University, College of Business Administration, 1979.

Carpentry Business Resources

Bank of America. Small business reporter: Building contractors, 14(3). San Francisco: Author, 1978.

Downey, C. Constructing a family business. Black Enterprise, January 1980, pp. 39-41.

Making old homes new again. Palo Alto Weekly, March 27, 1980, pp. 9-11.

Office of Minority Business Enterprise. Urban business profiles: Contract construction. Washington, D.C.: U.S. Department of Commerce, 1972.

Sheldon, R. Opportunities in carpentry careers. Skokie, IL: VGM Career Horizons, 1974.

Small Business Administration. Business plan for small construction firms (Management Aid for Small Manufacturers No. 221). Washington, D.C.: Author, 1974.

Sumichrast, M., & McMahon, C. P. Opportunities in building construction trades. Skokie, IL: VGM Career Horizons, 1976.

Acknowledgments:

Jerry Hoopes and Lou Walker, Carpenters Local Union 1280, Mountain View, California

Robert E. Agorastos, General Contractors, Mountain View, California

GOALS AND OBJECTIVES

Goal 1: To help you plan a carpentry business.

Objective 1: Describe the services, customers, and competition of a carpentry business.

Objective 2: List three personal qualities a carpentry business owner should have.

Objective 3: List two ways for a carpentry business to "stand out" from its competition.

Objective 4: List two special legal requirements for running a carpentry business.

Goal 2: To help you choose a location for a carpentry business.

Objective 1: List three things to think about in deciding where to locate a carpentry business.

Objective 2: Pick the best location for a carpentry business from three choices and explain your choice.

Goal 3: To help you plan how to borrow money to start your own business as a carpenter.

Objective 1: Write a business description for a carpentry business.

Objective 2: Fill out a form showing how much money you need to borrow to start a carpentry business.

Goal 4: To help you learn about managing work and people as a carpenter in business for yourself.

Objective 1: Decide how to divide the work of a carpentry business among several people.

Objective 2: Pick the best person for a specific job in your carpentry business.

Objective 3: Describe one kind of training you might give your employees.

Goal 5: To help you learn how to keep track of the work of a carpentry business.

Objective 1: On a work order form, list what needs to be done for one of your customers.

Objective 2: Plan a work schedule for yourself or an employee.

Goal 6: To help you decide how to set prices for a carpentry business.

Objective 1: Pick the best price for one of the services of a carpentry business.

Goal 7: To help you learn ways to advertise and sell the services of a carpentry business.

Objective 1: Pick one way to advertise a carpentry business.

Objective 2: Design a printed ad for a carpentry business.

Objective 3: Describe one way to sell the services of a carpentry business.

Goal 8: To help you learn how to keep financial records for a carpentry business.

Objective 1: Fill out a customer billing form for carpentry services.

Objective 2: Fill out a daily cash sheet for money you receive and pay out in one day.

Goal 9: To help you learn how to keep a carpentry business successful.

Objective 1: Figure out the net profit, profit ratio, and expense ratio for a carpentry business.

Objective 2: State one way this business could increase its profits.

Objective 3: State one way this business could change its services to increase sales.

U.S.GPO:1981:791-797/316